



## **INTERNATIONAL TRADE COMMISSION**

### **Investigation No. 337-TA-746**

#### **CERTAIN AUTOMATED MEDIA LIBRARY DEVICES**

#### **DETERMINATION TO REVIEW IN PART A FINAL INITIAL DETERMINATION; SCHEDULE FOR FILING WRITTEN SUBMISSIONS**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to review in part the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on June 20, 2012, finding no violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in this investigation.

**FOR FURTHER INFORMATION CONTACT:** Cathy Chen, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2392. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** This investigation was instituted on November 24,

2010, based upon a complaint filed by Overland Storage of San Diego, California (“Overland”) on October 19, 2010, and supplemented on November 9, 2010. *75 Fed. Reg.* 71735 (Nov. 24, 2010). The complaint alleged violations of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) by reason of infringement of certain claims of U.S. Patent No. 6,328,766 and U.S. Patent No. 6,353,581 (collectively, “the Asserted Patents”). The notice of investigation named as respondents BDT AG of Rottweil, Germany; BDT Solutions GmbH & Co. KG of Rottweil, Germany; BDT Automation Technology (Zhuhai FTZ), Co., Ltd. of Zhuhai Guandang, China; BDT de Mexico, S. de R.L. de C.V., of Jalisco, Mexico; BDT Products, Inc., of Irvine, California; Dell Inc. of Round Rock, Texas (“Dell”); and International Business Machines Corp. of Armonk, New York (“IBM”). The Office of Unfair Import Investigations was not named as a party.

The ALJ granted BDT Solutions GmbH & Co. KG’s motion for summary determination of no violation on September 2, 2011. *See* Notice of Commission Determination Not to Review an Initial Determination Granting BDT Solutions’ Motion for Summary Determination of No Violation of Section 337 (Sep. 21, 2011). On December 5, 2011, the ALJ granted a joint motion to terminate IBM and Dell from the investigation. *See* Notice of Commission Determination to Affirm an Initial Determination Granting a Joint Motion For Termination of the Investigation by Settlement as to Respondents International Business Machines Corp. and Dell Inc. (Jan. 27, 2012). BDT AG, BDT Automation Technology (Zhuhai FTZ), Co., Ltd., BDT de Mexico, S. de R.L. de C.V., and BDT Products, Inc. (collectively, “the BDT Respondents”) remain as respondents in the investigation.

On June 20, 2012, the ALJ issued his final ID, finding no violation of section 337 by the BDT Respondents with respect to any of the asserted claims. Specifically, the ALJ found no

violation of section 337 by the BDT Respondents in connection with claims 1-3 and 7-9 of the '766 patent and claims 1-2, 5-7, 9-10, 12 and 15-16 of the '581 patent. The ALJ also found that the asserted claims were not shown to be invalid except for claim 15 of the '581 patent. The ALJ further found that a domestic industry in the United States exists that practices the '766 patent. The ALJ, however, found that a domestic industry in the United States does not exist that practices the '581 patent. The ALJ also found that the BDT Respondents are not entitled to a patent exhaustion defense.

On July 5, 2012, Overland and the BDT Respondents each filed a petition for review of the ID. On July 13, 2012, Overland and the BDT Respondents each filed a response.

Having examined the record of this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the ALJ's final ID in part. Specifically, with respect to the '766 patent, the Commission has determined to review the ALJ's findings on contributory infringement, validity and patent exhaustion. With respect to the '581 patent, the Commission has determined to review the ALJ's construction of the claim term "linear array," and the ALJ's findings on infringement, validity, domestic industry and patent exhaustion.

The parties are requested to brief their positions on the issues under review with reference to the applicable law and the evidentiary record. In connection with its review, the Commission is only interested in responses to the following questions. Each party's brief responding to the following questions should be no more than 50 pages.

1. The ALJ found that the BDT Respondents did not prove by clear and convincing evidence that the IBM 3570, 3575, 7331, 7336 and 3494 documents qualify as printed publications under 35 U.S.C. § 102. For each respective IBM document, please

identify all evidence in the record that supports a finding that the document was publicly accessible before the filing date of the '766 patent.

2. To the extent the IBM 3570, 7331, 7336 and 3494 documents qualify as printed publications under 35 U.S.C. § 102, how does each document either alone or in combination with other prior art of record anticipate or render obvious the asserted claims of the '766 patent? Please specify what prior art, if any, allegedly combines with the respective IBM document(s) to render obvious the asserted claims, and why. We are particularly interested in how the respective IBM documents, either alone or in combination with other prior art, expressly or inherently disclose or suggest the features of “said controller is configured such that a subset of said plurality of media elements and a subset of said plurality of media element drives are available for read/write access by a first one of said plurality of host computers and are unavailable for read/write access by a second one of said plurality of host computers” in claim 1 and the “queuing” and “sequentially performing” steps in claim 2. Please cite only record evidence and relevant legal authority to support your position. Arguments not made before the ALJ will not be considered.
3. The ALJ found that Overland did not prove that the BDT Respondents possessed the requisite knowledge that the acts of IBM and Dell constituted patent infringement. Please identify all evidence in the record that supports a finding of contributory infringement of the '766 patent.
4. Please comment on Overland’s assertion that its evidence and analysis for domestic industry with respect to its NEO 2000, 2000e, 4000 and 4000e tape libraries were undisputed. Please cite all evidence in the record that supports your position.

5. The BDT Respondents raise the question of whether the settlement agreement and the license agreement between Overland and IBM exhaust Overland's rights in the Asserted Patents as to an upstream, unlicensed supplier. Please address the ALJ's finding that the license agreement itself, as opposed to a sale of the patented goods, constitutes a "first authorized sale" for purposes of patent exhaustion in view of pertinent legal authorities (*e.g.*, *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008); *LG Elecs., Inc. v. Bizcom Elecs., Inc.*, 453 F.3d 1364 (Fed. Cir. 2006); *Excelsior Tech. Inc. v. Pabst Licensing GMBH & Co., KG*, 541 F.3d 1373 (Fed. Cir. 2008); *LG Elecs. Inc. v. Hitachi Ltd.*, 655 F. Supp. 2d 1036 (N.D. Cal. 2009); and *Tessera, Inc. v. Intl. Trade Comm'n*, 646 F.3d 1357 (Fed. Cir. 2011)).

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, *see In the Matter of Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect

that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

**WRITTEN SUBMISSIONS:** The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding with respect to the Asserted Patents. Complainant is also requested to submit proposed remedial orders for the Commission's consideration. Complainant is further requested to state the date that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on Tuesday, September 4, 2012. Reply submissions must be filed no later than the close of business on Wednesday, September 12, 2012. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. 210.4(f)). Submissions should refer to the investigation number (“Inv. No. 337-TA-746”) in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, [http://www.usitc.gov/secretary/fed\\_reg\\_notices/rules/handbook\\_on\\_electronic\\_filing.pdf](http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf)). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-46 and 210.50 of the Commission’s Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.

Lisa R. Barton  
Acting Secretary to the Commission

Issued: August 20, 2012

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